



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor

David T. Terry
Director

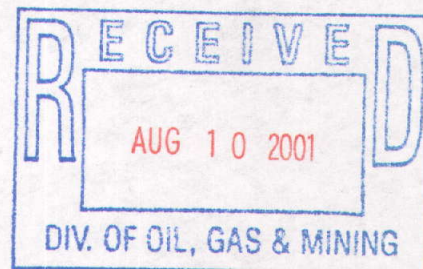
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Salt Lake City, Utah 84102-2818
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801-355-0922 (Fax)
<http://www.trustlands.com>

August 9, 2001

5/055/012

Jon R. Young
2402 Broadview Court
Sandy, UT 84092

CERTIFIED MAIL NO. 7106 4575 1292 2028 2535
NOTICE OF BREACH OF LEASE AGREEMENT



Re: ML 45409-BSLS
DOGM Permit #S/055/012

Dear Mr. Young,

_____ was accepted by the Director on May 3, 1994, in lieu of a Surety Bond for proposed mining operations under mineral lease ML 45409. On July 17, 2001, the Trust Lands Administration wrote a letter to Zions Bank giving approval for withdrawal of the interest accruing to the account. The letter stated that the principle of \$5,000 must remain in the account. I was subsequently advised by Zions Bank that both interest and principle were withdrawn and that the account for _____ is closed.

Please be advised that Lessee is in breach of Article XII of ML 45409 for closing the account for _____ without approval of the Director. If such breach shall continue for a period of thirty day from date of this letter this lease may be cancelled without further notice. Acceptable remedy requires that Lessee immediately submit an acceptable replacement bond to the Trust Lands Administration in the amount of \$5,000.

I am returning herewith _____ submitted as a replacement bond for _____ because it does not meet the requirements of the Trust Lands Administration. The maturity date of the CD is greater than one year and the account does not give the Director exclusive control over access to the funds.

Please contact me if you have any questions in this matter.

Sincerely,

John T. Blake
Mineral Resources Specialist

CC: Terri Burdette, Zions Bank
Doug Jensen, DOGM